

CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2003

FY2003 ending March 31, 2004
Tokyo Gas Co., Ltd.

(URL <http://www.tokyo-gas.co.jp>)

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1. Items Used to Compile the Results

- 1) Any differences between the accounting practices used here and those used in preparing consolidated accounts for the previous business year (yes/no): **Yes**
 Differences:
 - * Depreciation of fixed assets: Part of our estimated consolidated depreciation expense in this fiscal year has been charged in the first quarter.
 - * Basis for the calculation of corporation tax: Calculated by multiplying income before tax, etc. for the nine months by the estimated effective consolidated tax rate at the end of the fiscal year.
- 2) Changes in the scope of consolidation and interests accounted for by the equity method (yes/no): **No**

2. Consolidated Results For the Nine Months (April 1 - December 31, 2003)

(1) Consolidated Business Results

(Rounded down to the nearest million yen)

	Sales	Operating Income	Ordinary Income	Net Income
	(Unit: million yen) (%)	(Unit: million yen) (%)	(Unit: million yen) (%)	(Unit: million yen) (%)
April 1 – December 31, 2003	779,063 -	70,530 -	59,506 -	36,176 -
April 1 – December 31, 2002	- -	- -	- -	- -
Reference: Fiscal Year ended March 31, 2003	1,127,633	123,294	91,955	59,201

	Net Earnings per Share	Net Earnings per Share Adjusted for Latent Shares
	(Unit: yen)	(Unit: yen)
April 1 – December 31, 2003	13.26	12.06
April 1 – December 31, 2002	-	-
Reference: Fiscal Year ended March 31, 2003	21.18	19.11

- Notes: 1) Figures in the percent columns indicate percentage changes in Sales, Operating Income, Ordinary Income, and Net Income compared with the same period of the previous year.
- 2) As we did not release closing figures for the nine months (Apr. - Dec.) of last year, we do not show year-on-year changes (%). The same applies throughout this document.

Qualitative Data Concerning our Consolidated Business Performance

Sales for nine months (April 1 -December 31, 2003) by segment (including inter-segment sales -- Gas: ¥563.4 billion; Gas appliances: ¥94.7 billion; Related construction: ¥43.9 billion; Building leases: ¥26.6 billion; Other business: ¥110.0 billion; Consolidated sales: ¥ 779.0 billion.

As a result of the efforts we have made to control costs in order to make our business more efficient, Operating Income, Ordinary Income, and Net Income for the nine months have become ¥70.5 billion, ¥59.5 billion, and ¥36.1 billion respectively.

Since the performance of the group as a whole is heavily dependent on that of the gas segment, we expect a large proportion of sales during winter.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
3rd Quarter ended Dec. 2003	(Unit: million yen) 1,651,984	(Unit: million yen) 585,116	(Unit: %) 35.4	(Unit: yen) 216.61
3rd Quarter ended Dec. 2002	-	-	-	-
Reference: Fiscal Year ended March 31, 2003	1,676,064	579,706	34.6	208.65

Qualitative Data Concerning Changes in our Consolidated Financial Position

Total group assets decreased by ¥24.0 billion from the fiscal year ended March 2003 to ¥1,651.9 billion, reflecting decrease in tangible fixed assets after depreciation.

Despite reacquiring some of our outstanding capital stock, Net Income for the quarter boosted shareholders' equity by ¥5.4 billion to ¥585.1 billion and our shareholders' equity ratio by 0.8 percent to 35.4%.

Shareholders' equity per share increased by 7.96 yen to 216.61 yen.

(3) Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Balance of cash and cash equivalents as of end of the term
April 1 – December 31, 2003	(Unit: million yen) 75,830	(Unit: million yen) -96,671	(Unit: million yen) -5,346	(Unit: million yen) 25,946
April 1 – December 31, 2002	-	-	-	-
Reference: Fiscal Year ended March 31, 2003	213,532	-110,143	-78,517	52,129

Reference 1: Summary of Non-consolidated Results (April 1 – December 31, 2003)

	Sales	Operating Income	Ordinary Income	Net Income
April 1 – December 31, 2003	(Unit: million yen) 689,436	(Unit: million yen) 52,810	(Unit: million yen) 48,822	(Unit: million yen) 31,837

	Total Assets	Shareholders' Equity
3rd Quarter ended Dec. 2003	(Unit: million yen) 1,379,166	(Unit: million yen) 527,609

3. Consolidated results forecast for the fiscal year ending March 2004 (April 1, 2003 - March 31, 2004)

	Sales	Ordinary Income	Net Income	Net Income per Share
Full year	(Unit: million yen) 1,153,000	(Unit: million yen) 122,000	(Unit: million yen) 76,000	(Unit: yen) 28.11

Note: Forecast Operating Income (full year): ¥143,000 million

Qualitative Data Concerning our Full-year Forecasts

Our consolidated business forecast for FY 2003, based on current trends, anticipates decrease in sales by ¥9.0 billion to ¥1,153.0 billion, compared with our previous forecast on October 30, 2003.

This is mainly because decrease in gas and gas appliances sales compared with our previous forecast on October 30, 2003.

However, forecast for both ordinary income and net income is unchanged as we also forecast decrease in raw materials cost, other operating costs, and cost of sales for gas appliances compared with our previous forecast on October 30, 2003.

Reference 2: Non-consolidated forecast for the fiscal year ending March 2004 (April 1, 2003 - March 31, 2004)

	Sales	Ordinary Income	Net Income	Net Income per Share
Full year	(Unit: million yen) 1,014,000	(Unit: million yen) 110,000	(Unit: million yen) 71,000	(Unit: yen) 26.26

Note: Forecast Operating Income: ¥122,000 million

* The above forecast has been prepared on the basis of information available at the time of the release of this document. Due to various factors, the actual result may vary from the forecast data.

< **Supplementary Financial Information** >

1. Consolidated Balance Sheet

(Unit: million yen)

Account	3rd Quarter (ended Dec. 31, 2003)	Previous Fiscal Year (ended Mar. 31, 2003)	Change
ASSETS			
Fixed assets	1,393,746	1,411,513	-17,767
Tangible fixed assets	1,180,861	1,217,465	-36,604
Production facilities	251,084	244,058	7,026
Distribution facilities	522,072	538,191	-16,119
Business facilities	67,960	71,297	-3,337
Other facilities	292,484	288,469	4,015
Idle facilities	-	5	-5
Construction in progress	47,259	75,442	-28,183
Intangible fixed assets	17,591	20,609	-3,018
Other intangible fixed assets	17,591	20,609	-3,018
Investments, etc.	195,293	173,438	21,855
Investment securities	98,883	71,544	27,339
Long-term loans receivable	13,330	10,238	3,092
Deferred tax assets	36,936	44,306	-7,370
Miscellaneous investments	48,264	49,591	-1,327
Allowances for doubtful accounts	-2,120	-2,243	123
Current assets	258,237	264,551	-6,314
Cash and deposits	29,940	35,672	-5,732
Notes and accounts receivable	117,813	132,235	-14,422
Inventories	29,486	21,125	8,361
Deferred tax assets	9,794	11,480	-1,686
Other current assets	72,518	65,484	7,034
Allowances for doubtful accounts	-1,314	-1,448	134
Total Assets	1,651,984	1,676,064	-24,080

(Unit: million yen)

Account	3rd Quarter (ended Dec. 31, 2003)	Previous Fiscal Year r (ended Mar. 31, 2003)	Change
LIABILITIES			
Fixed liabilities	798,942	751,572	47,370
Straight bonds	303,533	257,633	45,900
Convertible bonds	182,809	182,814	-5
Long-term bank loans payable	168,648	157,875	10,773
Deferred tax liabilities	2,008	792	1,216
Retirement benefit reserve	111,548	120,896	-9,348
Allowances for repairs of gas holders	3,399	3,457	-58
Other fixed liabilities	26,995	28,104	-1,109
Current liabilities	263,761	340,746	-76,985
Fixed liabilities due within one year	23,108	91,239	-68,131
Notes and accounts payable	36,485	37,676	-1,191
Short-term bank loans payable	28,938	41,900	-12,962
Corporation tax payable, etc.	12,012	41,221	-29,209
Deferred tax liabilities	-	13	-13
Other current liabilities	163,217	128,695	34,522
Total Liabilities	1,062,703	1,092,319	-29,616
Minority Interest	4,164	4,039	125
SHAREHOLDER'S EQUITY			
Common stock	141,844	141,844	-
Capital surplus	2,065	2,065	-
Retained earnings	449,312	429,652	19,660
Unrealized gains on other securities	30,744	17,002	13,742
Translation adjustment account	-85	4	-89
Treasury stock	-38,764	-10,862	-27,902
Total shareholders' Equity	585,116	579,706	5,410
Total Liabilities, Minority Interest and Shareholders' Equity	1,651,116	1,676,064	-24,080

2. Consolidated Statement of Income for the nine months (April 1 – December 31, 2003)

(Unit: ¥ million)

Account	Nine Months (Apr. 1 - Dec. 31, 2003)	Previous Fiscal Year (Apr. 1, 2002 - Mar. 31, 2003)
Sales	779,063	1,127,633
Cost of sales	398,340	571,929
Gross Income	380,722	555,704
Supply and sales expenses	256,528	359,999
General and administrative expenses	53,663	72,409
Operating Income	70,530	123,294
Non-operating Income	5,858	7,441
Interest income	238	239
Dividend income	1,019	849
Return on investment accounted for by equity method	140	220
Income from rents	776	985
Miscellaneous revenues	3,683	5,147
Non-operating expenses	16,882	38,780
Interest paid	11,195	17,472
Balance on commissioned construction	2,699	4,648
Loss from debenture redemption	-	6,327
Environment conditioning costs	-	5,656
Miscellaneous expenditures	2,987	4,674
Ordinary Income	59,506	91,955
Extraordinary profits	1,032	8,699
Gain on sales of fixed assets	436	5,503
Gain on sales of investment securities	595	3,196
Extraordinary losses	1,116	4,771
Loss from sale of fixed assets	1,116	113
Losses on compression of fixed assets	-	4,415
Expenses for special measures for product compensation	-	242
Net Income before adjustment for tax, etc.	59,422	95,882
Corporate tax, residence tax and business tax	19,985	43,621
Adjustment for corporate taxes, etc.	2,900	-7,244
Minority shareholder profit (loss)	359	304
Net Income	36,176	59,201

3. Statement of Consolidated Retained Earnings for the nine months (April 1 – December 31, 2003)

(Unit: million yen)

Account	Nine Months (Apr. 1, - Dec. 31, 2003)		Previous Fiscal Year (Apr. 1, 2002 - Mar. 31, 2003)	
Capital Surplus				
Initial balance of capital surplus		2,065		
Initial balance of capital reserve			2,064	2,064
Increase in capital surplus		-		-
Additional capital raised				
on conversion of convertible bonds		-		-
End of 3rd Quarter balance of capital surplus		2,065		2,065
Retained Earnings				
Initial balance of retained earnings		429,652		
Initial balance of consolidated retained earnings			387,315	387,315
Increase in retained earnings				
Net Income	36,176	36,176	59,201	59,201
Decrease in retained earnings				
Dividends	16,438		16,768	
Directors' bonuses	76		95	
Net loss on disposal of treasury stock	1	16,516	-	16,863
Balance of retained earnings at the end of the period		449,312		429,652

4. Consolidated Statement of Cash Flows for the nine months (April 1 – December 31, 2003)

(Unit: million yen)

Account	Nine months (Apr. - Dec. 2003)	Previous Year (Apr. 2002 - Mar. 2003)
I. Cash flow from operating activities		
Net Income before adjustment for tax, etc.	59,422	95,882
Depreciation	108,731	137,299
Amortization of long-term prepaid expenses	2,756	3,727
Loss on retirement of tangible fixed assets	2,258	2,481
Gain/loss on sale of fixed assets	681	-5,379
Advanced depreciation loss	-	4,415
Profit/loss on sale of investment securities	-595	-3,195
Profit/loss on valuation of investment securities	-	891
Loss from debenture redemption	-	6,327
Increase/decrease in bad debt reserve	-	1,099
Change in provision for retirement benefits	-9,347	-4,658
Interest and dividends earned	-1,257	-1,088
Interest paid	11,195	17,472
Change in accounts receivable	22,981	-6,777
Change in inventories	-8,360	7,633
Change in accounts payable	-17,486	-1,784
Change in consumption tax payable	-5,138	-
Change in prepaid expenses	-3,604	-
Others	-29,378	12,592
Sub-total	132,856	266,940
Proceeds from interest and dividends	1,200	1,166
Payment of interest	-11,981	-18,069
Payment of corporate tax, etc.	-46,245	-36,504
Cash flow from operating activities	75,830	213,532
II. Cash flow from investing activities		
Purchases of investment securities	-13,400	-7,297
Proceeds from sale of investment securities, etc.	7,657	5,861
Purchases of tangible fixed assets	-80,457	-98,148
Purchases of intangible fixed assets	-5,583	-9,014
Spending on long-term prepaid expenses	-1,578	-1,799
Proceeds from sale of fixed assets	961	6,888
Expenditures based on lending for long-term loans	-3,846	-4,256
Proceeds from repayment of long-term loans	755	-
Net change in short-term loans	-967	-
Others	-212	-2,375
Cash flow from investing activities	-96,671	-110,143
III. Cash flow from financing activities		
Net change in short-term debt	-12,961	-809
Net change in commercial paper	63,000	-12,000
Proceeds from long-term debt	31,277	17,340
Payments for long-term debt	-40,167	-36,474
Proceeds from bond issues	50,000	20,000
Payments for redemption of bonds	-52,875	-38,975
Dividend payments	-15,469	16,777
Payment of dividends to minority shareholders	-56	-53
Payment to minority shareholders on account of capital reduction	-184	-
Proceeds from sale of treasury stock	75	-
Payments for acquiring treasury stock	-27,983	-10,767
Cash flow from financing activities	-5,346	-78,517
IV. Difference due to conversion of cash and cash equivalents	3	-2
V. Change in cash and cash equivalents	-26,183	24,869
VI. Cash and cash equivalents at the beginning of the period	52,129	27,260
VII. Cash and cash equivalents at the end of the period	25,946	52,129

5. Non-consolidated Results

Gas Sales for the Nine Months (April 1 – December 31, 2003)

			FY2003 (Apr. - Dec. 2003)	FY2002 (Apr. -Dec. 2002)	Change	% Change	
No. of Gas Customers		Thousand	9,366	9,157	209	2.3	
Gas sales volume	Residential		m ³ (Note 1)	27.89	27.84	0.05	0.2
			Mil. m ³	2,001	1,963	38	2.0
	Business	Commercial	Mil. m ³	1,313	1,256	57	4.5
		Other (Note 2)	Mil. m ³	554	517	37	7.0
	Industrial		Mil. m ³	3,051	2,584	467	18.1
	Bus./Ind. Sub total		Mil. m ³	4,918	4,358	560	12.9
	Wholesales supply		Mil. m ³	845	789	56	7.1
Total		Mil. m ³	7,764	7,109	655	9.2	
Average temperature		Degrees centigrade	19.1	19.2	-0.1	-	

- Notes: 1. The upper row of figures for residential demand indicates gas sales per meter read (m³/household./month)
 2. "Other" for business demand indicates sales to public and medical institutions.

Statement of Income for the Nine Months (April 1 – December 31, 2003)

(Unit: billion yen)

Income			Change from the same period of FY 2002	Rate (%)	Expenses			Change from the same period of FY 2002	Rate (%)
Product sales	Gas sales	558.4	38.6	7.4	Operating expenses	Cost of sales	221.3	25.9	13.3
						Sales and administrative expenses	292.7	6.5	2.3
						Sub total	514.0	32.4	6.7
Other sales	Related Construction	40.0	-0.6	-1.4	Other expenses	Related Construction	38.9	-1.4	-3.4
	Gas appliance sales.	79.8	-4.3	-5.2		Gas appliance sales	73.2	-5.0	-6.4
	Associated businesses	11.1	-5.1	-31.6		Associated businesses	10.3	-4.7	-31.5
	Sub total	131.0	-10.0	-7.1		Sub total	122.5	-11.1	-8.3
Total sales		689.4	28.5	4.3	Total expenses		636.6	21.3	3.5
					Operating Income		52.8	7.2	15.8
Non-operating profit		9.6	0.6	6.3	Non-operating expenses		13.6	-1.6	-10.6
					Ordinary Income		48.8	9.4	23.8
Extraordinary profit		0.6	-1.5	-71.4	Extraordinary loss		-	-	-
					Net Income		31.8	-1.2	-3.8

- Notes: 1. Since we did not release figures for the 3rd Quarter of last year, the absolute and percentage year-on-year changes are shown for reference only.
 2. Cost of sales includes the cost of raw materials of ¥188.4 billion (increase by ¥18.9 billion, or +11.1 %, from the same period of FY2002).
 3. Non-operating expenses include interest expense of ¥8.3 billion (decrease by ¥1.3 billion, or -14.1 %, from the same period of FY2002).
 4. The reason why ordinary income for the nine month of FY 2003 has increased but net income for the same period has decreased compared with the same period of FY 2002 is that taxes of 6.8 billion yen such as corporate tax have been incorporated for the 3rd quarter in FY 2003 while taxes for the 3rd quarter in FY 2002 was not.